

THE BUDGET PROGRAM REVISIONS FOR THE
COMMODITY CREDIT CORPORATION FOR FY 2015

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

THE BUDGET PROGRAM REVISIONS FOR THE COMMODITY CREDIT
CORPORATION FOR FY 2015



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WASHINGTON : 2014

THE WHITE HOUSE,
Washington, October 14, 2014.

Hon. JOHN BOEHNER,
Speaker of the House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: Consistent with section 5 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c) and the Government Corporation Control Act (31 U.S.C. Chapter 91), I hereby notify the Congress of a budget program revision for the Commodity Credit Corporation (CCC) for Fiscal Year (FY) 2015. The revisions total up to \$300 million and reflect the payments that the United States is making, pursuant to a Memorandum of Understanding between the United States and Brazil of October 1, 2014, in connection with termination of the World Trade Organization (WTO) “Cotton dispute” (WT/DS267) brought by Brazil with respect to which the WTO made adverse rulings regarding certain United States cotton programs and export credit guarantees (GSM–102).

For FY 2015, the budget estimates for CCC, as amended by the Mid-Session Review, of \$6.074 billion in net outlays would be increased by \$300 million, to \$6.374 billion.

The details of this action are set forth in the enclosed letter from the Director of the Office of Management and Budget. I concur with the Director’s comments and observations.

Sincerely,

BARACK OBAMA.

Enclosure.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET
Washington, DC, October 14, 2014.

THE PRESIDENT,
The White House,
Washington, DC.

DEAR MR. PRESIDENT: Submitted for your consideration is a request for a Fiscal Year (FY) 2015 budget revision totaling \$300 million that reflects the payments that the United States is required to make, pursuant to a Memorandum of Understanding (MOU) between the United States and Brazil of October 1 2014, in connection with termination of the World Trade Organization (WTO) “*Cotton* dispute” brought by Brazil with respect to which the WTO made adverse rulings regarding certain United States cotton programs and export credit guarantees (GSM–102).

This request would constitute an official revision of the budget program for the Commodity Credit Corporation (CCC) for FY 2015. For FY 2015, the budget estimates for CCC of \$6.074 billion in net outlays would be increased by \$300 million, to \$6.374 billion.

These funds will be used for the United States to make a one-time payment to the Brazilian Cotton Institute in accordance with the MOU. The MOU is an agreement pursuant to which Brazil and the United States memorialize negotiated resolution of the *Cotton* dispute and the adverse WTO rulings regarding certain United States cotton programs and GSM–102 export credit guarantees. The agreement is in the best interest of both the United States and Brazil. Under the agreement, the United States avoids the imposition of countermeasures against U.S. trade, including U.S. exports and, potentially, intellectual property rights. In exchange, the United States agreed with Brazil to pay \$300 million to the Brazilian Cotton Institute.

In conclusion, Section 5 of the CCC Charter Act sets forth specific powers of the corporation in fulfillment of its purposes. Among these specific powers are those set forth in section 5(f): “Export, or cause to be exported, or aid in the development of foreign markets for, agricultural commodities (other than tobacco)(including fish and fish products, without regard to whether such fish are harvested in aquacultural operations).” In light of the eventual likelihood of imposition of retaliatory tariffs against myriad U.S. agricultural commodities, in the aggregate potentially cutting off or greatly impeding American agricultural exports into the Brazilian market worth hundreds of millions of dollars annually for an indefinite period of years, the proposed expenditure of CCC funds for these purposes and in the manner contemplated would serve to cause to be exported U.S. agricultural commodities into the Brazilian market that would, in large measure, not occur but for the exercise of

such power. Such expenditure of funds therefore is authorized under section 5(1) of the CCC Charter Act.

I have carefully reviewed this proposal and am satisfied that it is necessary at this time. Therefore, I join the Secretary of Agriculture and the United States Trade Representative in recommending that you approve the budget program revision by signing the enclosed letter to the Speaker of the House of Representatives. No further congressional action will be required.

Sincerely,

SHAUN DONOVAN, *Director.*

Enclosure.

NOTIFICATION REQUIRED BY THE COMMODITY CREDIT CORPORATION
AND THE GOVERNMENT CORPORATION CONTROL ACT

In accordance with Section 5 of the Commodity Credit Corporation Act (15 U.S.C. 714c) and the Government Corporation Control Act (31 U.S.C., Chapter 91), the President has revised the budget program for the Commodity Credit Corporation (CCC) for FY 2015. For FY 2015, the budget estimates for CCC of \$6.074 billion in net outlays would be increased by \$300 million, to \$6.374 billion.

These funds will be used for the United States to make a one-time payment to the Brazilian Cotton Institute in accordance with the Memorandum of Understanding (MOU) that the Government of the United States and the Government of Brazil entered into on October 1, 2014, as a negotiated resolution to the World Trade Organization (WTO) dispute between Brazil and the United States entitled United States—Subsidies on Upland Cotton (WT/DS 267).

The agreement is in the best interest of both the United States and Brazil. As part of the overall agreement between the parties, Brazil agrees to terminate the WTO dispute and the attendant right to impose countermeasures against U.S. agricultural exports upon satisfaction of certain conditions. One of these conditions is payment by the United States of \$300 million into the same Brazilian fund to which previous payments were made.

